2001 DRAFTING REQUEST

Senate Amendment (SA-SB55)

Received: 06/05/2001 Wanted: As time permits				Received By: isagerro Identical to LRB:				
For: Le	gislative Fiscal	Bureau			By/Representing: Megna			
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Topic:							·	
Increase	AFDC income	e limit for MA t	y percentage	e increase in	CPI			
Instruc	tions:							
See Atta	ached							
 Draftin	g History:							
Vers.	Drafted	Reviewed	Typed	Proofed	<u>Submitted</u>	<u>Jacketed</u>	Required	
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Senate Amendment (SA-SB55)

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Submit via email: NO				
Requester's email:				
Pre Topic:	<u> </u>			
LFB:Megna -				
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Increase AFDC income limit for MA by percentage increase	se in CPI			
Instructions:	•			
See Attached				
Drafting History:				
<u>Vers.</u> <u>Drafted</u> <u>Reviewed</u> <u>Typed</u> <u>Proof</u>	ed Submitted Jacketed Required			

FE Sent For:

isagerro

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per month. However, if this family had gross income over this limit but had high medical expenses. the family would need to spend down to \$592 per month before MA would cover the medical costs.

- Most medically needy persons are elderly or disabled. The number of AFDCrelated medically needy is less than 2% of non-institutionalized medically needy persons.
- Federal law allows states to increase the state's AFDC standard by up to the increase in the CPI since July 16, 1996. Between that date and December, 2000, the CPI increased approximately 10.8%. Projected inflation for calendar years 2001 and 2002 are 3.3% and 2.1%. respectively, according to the April, 2001 forecast by Data Resources Inc. (DRI). Wisconsin could increase its AFDC standard by the full amount of these increases or by some smaller amount. Alternatively, Wisconsin could simply start increasing the AFDC standard beginning at some point in the next biennium.
- 12. State law restricts the medically needy income limit to being no more than the limit for the categorically needy group. As a result, increases in the AFDC standard would never cause the medically needy income standard to be higher than the categorically needy standard for any household size.
- If the AFDC standard were increased by the increase in the CPI over the prior year, 13. beginning on January 1, 2002, MA benefits costs would increase by \$948,200 (\$391,100 GPR and \$557,100 FED) in 2001-02 and \$1,936,100 (\$803,500 GPR and \$1,132,600 FED) in 2002-03.
- If the AFDC standard were increased by the increase in the CPI, beginning on January 1, 2003, MA benefits costs would increase by \$1,206,700 (\$500,700 GPR and \$706,000 6/10/01 Pureynoughton 3 student 2001 FED) in 2002-03.

ALTERNATIVES TO BASE

Provide \$391,100 GPR and \$557,000 FED in 2001-02 and \$803,500 GPR and \$1,132,700 FED in 2002-03 to begin increasing the AFDC standard by the increase in the CPI in the prior year, beginning on January 1, 2002. - 1 no 70 CPI Med in 2001

Alternative 1	GPR	FED	TOTAL
2001-03 FUNDING (Change to Base) [Change to Bill	\$1,194,600	\$1,689,700	\$2,884,300
	<i>\$1,194,600</i>	<i>\$1,689,700</i>	<i>\$2,884,300]</i>

Provide \$500,800 GPR and \$706,000 FED in 2002-03 to begin increasing the 2. AFDC standard by the increase in the CPI in the prior year, beginning on January 1, 2003.





Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 4, 2001

Joint Committee on Finance

Paper #481

Income Limit for Medically Needy Recipients (DHFS -- Medical Assistance)

CURRENT LAW

Wisconsin has adopted the federal option under medical assistance (MA) to extend MA eligibility to certain persons who may have too much income to qualify under a categorically needy group, such as individuals who receive supplemental security income (SSI). This medically needy option allows individuals to "spend down" to become eligible for MA by incurring medical and/or remedial expenses to offset their excess income, thereby reducing their countable income to a level below the maximum MA income limits.

The income limit for eligibility under the medically needy option will stay at the same nominal amount unless the state increases the income limit. Currently, the medically needy income limit for single persons is \$592 per month. This same limit applies to couples.

GOVERNOR

No provision.

DISCUSSION POINTS

- 1. Federal law prohibits a state from establishing a medically needy income limit that exceeds 133% of the state's AFDC payment, as of July 16, 1996, for the same family size. Federal law allows use of the two-person AFDC standard for a single person.
- 2. From 1996 to 1999, the income limit for an individual under the medically needy standard increased each year because the 133% limit was higher than the categorical income limit. However, in calendar year 2000, the categorical limit exceeded the 133% limit for the medically

needy. As a result, the income limit for medically needy individuals reached the limit of \$592 per month on January 1, 2000, and has remained at that level.

- 3. A two-person medically needy family has been subject to the same income limit of \$592 per month since 1997. Medically needy families with three or more persons have also been subject to the same income limit since 1997, although that limit increases with family size.
- 4. The income limit establishes the amount of income that a medically needy household can retain for living expenses, such as rent, food and clothing. The income limit under MA is based on countable income. MA regulations allow various deductions and disregards for determining countable income.
- 5. Many of the eligibility groups under MA have their income threshold tied to a payment level or index that is adjusted each year. Persons who receive SSI are automatically eligible for MA. The income threshold for SSI is adjusted annually to reflect inflation. Persons who qualify for MA based on Healthy Start criteria (pregnant women and children) have an income threshold that is tied to the federal poverty level.
- 6. Low-income families that would meet the state's AFDC standard, as of July 16, 1996, are categorically eligible for MA. Because the AFDC standard is set at the 1996 level, the income threshold for this group, as well as medically needy groups, has an income threshold that is not automatically adjusted. However, many low-income families that are ineligible for MA may enroll in BadgerCare, which has an income standard that is based on the federal poverty level. Effectively, only medically needy low-income families and medically needy elderly and disabled are subject to a income standard that does not increase to reflect changes in inflation or the federal poverty level.
- 7. In calendar year 2001, a single person who receives SSI is subject to an income threshold of \$613.78 per month. An aged or disabled person with income below this level may receive an SSI payment to bring that person up to this income threshold, assuming asset limits and other conditions of SSI are met. In contrast, an elderly or disabled person with income above this limit but with high medical expenses must spend down to \$592 per month before MA will cover that person's medical expenses. Spend down is computed over a six-month period. This difference will grow each year since SSI payments are adjusted annually for inflation.
- 8. Although the difference for the income threshold is not yet large for a single individual, it is sizable for a two-person household. A two-person household could receive an SSI payment of \$928.05 per month while a two-person medically needy elderly or disabled household must spend down to \$592 per month before MA covers their medical expenses. A medically needy elderly or disabled couple would be allowed \$336 less per month for living expenses than a couple eligible for SSI.
- 9. A low-income family may be eligible for BadgerCare if their income were less than 185% of the federal poverty level. For a two-person family, the income threshold would be \$1,790



State of Misconsin 2001 - 2002 LEGISLATURE

LRBb0616/1

ISR: Jid

LFB:.....Megna – Increase AFDC income limit for MA by percentage increase in CPI

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144



1 At the locations indicated, amend the bill as follows: 1. Page 828, line 15: after that line insert: 2 "Section 1797g. $\stackrel{\checkmark}{4}$ 49.46 (1) (a) 1. of the statutes, as affected by 2001 Wisconsin 3 Act (this act), is amended to read: 4 49.46 (1) (a) 1. Notwithstanding s. 49.19 (20), any individual who, without 5 regard to the individual's resources or income, would qualify for a grant of aid to 6 families with dependent children under s. 49.19 and whose income does not exceed 7 the income limit under par. (ar). 8 SECTION 1797j. $\overset{\times}{49.46}$ (1) (a) 1g. of the statutes, as created by 2001 Wisconsin 9 Act (this act), is amended to read: 10

1	49.46 (1) (a) 1g. Notwithstanding s. 49.19 (20), any individual who, without
2	regard to the individual's resources or income, would qualify for a grant of aid to
3	families with dependent children but who would not receive the aid solely because
4	of the application of s. 49.19 (11) (a) 72 and whose income does not exceed the income
5	limit under par. (ar).".
6	2. Page 828, line 20: after that line insert:
7	"Section 1798g. 49.46 (1) (a) 1m. of the statutes, as affected by 2001 Wisconsin
8	Act (this act), is amended to read:
9	49.46 (1) (a) 1m. Any pregnant woman whose income does not exceed the
10	standard of need under s. 49.19 (11) income limit under par. (ar) and whose
11	pregnancy is medically verified. Eligibility continues to the last day of the month in
12	which the 60th day after the last day of the pregnancy falls.".
13	3. Page 829, line 4: after that line insert:
14	"Section 1800m. 49.46 (1) (a) 6. of the statutes, as affected by 2001 Wisconsin
15	Act (this act), is amended to read:
16	49.46 (1) (a) 6. Any person not described in pars. (c) to (e) who, without regard
17	to the individual's resources or income, would be considered, under federal law, to be
18	receiving aid to families with dependent children for the purpose of determining
19	eligibility for medical assistance and whose income does not exceed the income limit
20	under par. (ar).".
21	4. Page 829, line 25: after that line insert:
22	"Section 1804g. 49.46 (1) (a) 12. of the statutes, as affected by 2001 Wisconsin
23	Act (this act), is amended to read:

1	49.46 (1) (a) 12. Any child not described under subd. 1. or 1g. who is under 19
2	years of age and whose income does not exceed the standard of need under s. 49.19
3	(11) income limit under par. (ar).
4	SECTION 1804m. 49.46 (1) (ar) of the statutes is created to read:
5	49.46 (1) (ar) An individual is eligible to receive medical assistance under par.
6	(a) 1., 1g., 1m., 6., and 12. if the individual's total income does not exceed the standard
7	of need under s. 49.19 (11) (a) 1. a. increased by the same percentage as the
8	percentage increase in the consumer price index, as defined in s. 49.455 (1) (b),
9	between September 2001 and September of the year immediately before the year in
10	which the individual's income is being determined.".
11	5. Page 830, line 8: after that line insert:
12	"Section 1805d. 49.46 (1) (e) of the statutes, as affected by 2001 Wisconsin Act
13	(this act), is amended to read:
14	49.46 (1) (e) If an application under s. 49.47 (3) shows that the individual meets
15	the income limits under s. 49.19 par. (ar) or meets the income and resource
16	requirements under federal Title XVI or s. 49.77, or that the individual is an essential
17	person, an accommodated person, or a patient in a public medical institution, the
18	individual shall be granted the benefits enumerated under sub. (2) whether or not
19	the individual requests or receives a grant of any of such aids.".
20	6. Page 833, line 7: after that line insert:
21) Fix	אברוסא "Section 1815g. 49.47 (4) (c) 1. of the statutes is amended to read:
(22)	SECTION 1815g. 49.47 (4) (c) 1. of the statutes is amended to read: 49.47 (4) (c) 1. (Except as provided in par. (am) and as limited by subd. 3.,
23	eligibility exists if income does not exceed 133 1/3% of the greater of the following:

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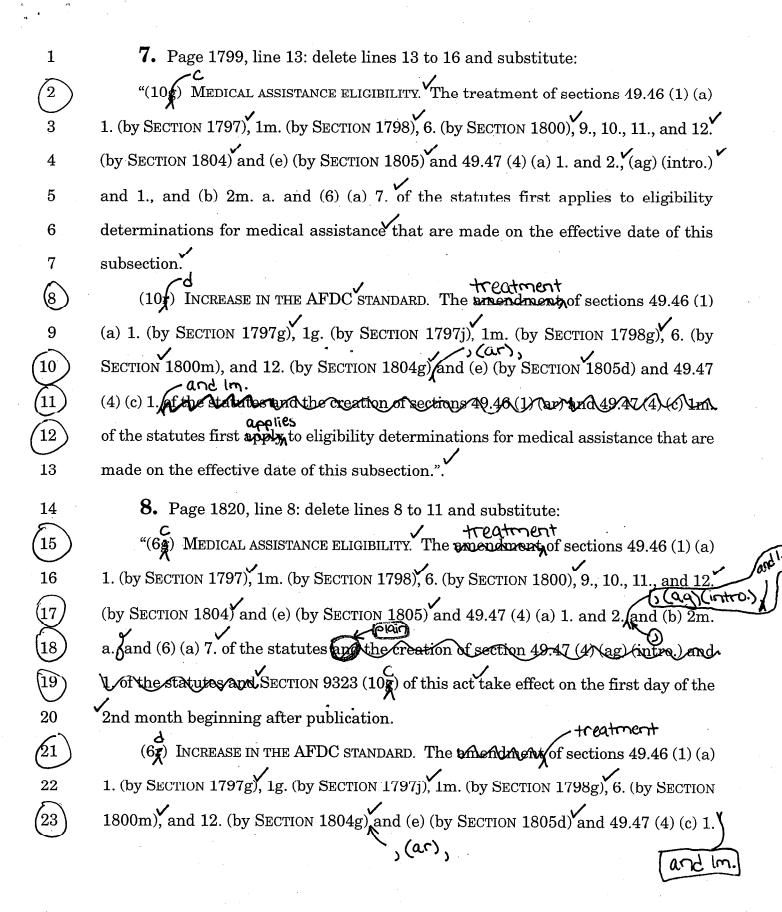
An amount equal to the maximum aid to families with dependent children payment under s. 49.19 (11) (a) 1. a. for the applicant's family size or increased by the same percentage as the percentage increase in the consumer price index, as defined in s. 49.455 (1) (b), between September 2001 and September of the year immediately before the year in which the individual's income is being determined multiplied by 133 1/3%.

b. An amount equal to the combined benefit amount available under supplemental security income under 42 USC 1381 to 1383c and state supplemental aid under s. 49.77 whichever is higher. In this subdivision "income" includes earned or unearned income that would be included in determining eligibility for the individual or family under s. 49.19 or 49.77, or for the aged, blind or disabled under 42 USC 1381 to 1385. "Income" does not include earned or unearned income which would be excluded in determining eligibility for the individual or family under s. 49.19 or 49.77, or for the aged, blind or disabled individual under 42 USC 1381 to 1385.

History: 1971 c. 125; 1971 c. 213 s. 5; 1971 c. 215; 1973 c. 90, 147, 333; 1977 c. 29 ss. 593, 1656 (18); 1977 c. 105 s. 59; 1977 c. 273, 418; 1979 c. 34; 1981 c. 20, 93; 1981 c. 314 s. 144; 1983 a. 27, 245; 1985 a. 29; 1987 a. 27, 307, 399, 413; 1989 a. 9; 1989 a. 31 ss. 1462k to 1466d, 2909c to 2909i; 1989 a. 173, 336, 351; 1991 a. 39, 178, 269, 316; 1993 a. 16, 269, 277, 437; 1995 a. 27 ss. 3026 to 3028, 9126 (19); 1995 a. 225, 289, 225; 1997 a. 27; 1999 a. 9.

SECTION 1815j. 49.47 (4) (c) 1m. of the statutes is created to read:

49.47 (4) (c) 1m. For purposes of determining whether an individual's income meets the income requirements under subd. 1., "income" includes all of the individual's earned or unearned income that would be included in determining eligibility for the individual or family under s. 49.19 or 49.77, or for the aged, blind or disabled under 42 USC 1381 to 1385, and "income" does not include earned or unearned income that would be excluded in determining eligibility for the individual or family under s. 49.19 or 49.77, or for the aged, blind or disabled individual under 42 USC 1381 to 1385.".



of the statutes and the creation of section 49.46(1) (around 49.47(4) (c) 1m. of the

2 statutes and Section 9323 (10x) of this act take effect on January 1, 2003.".

(END)

 $LFB:.....Megna-Increase\ AFDC\ income\ limit\ for\ MA\ by\ percentage\ increase\ in\ CPI$

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144

1	At the locations indicated, amend the bill as follows:
2	1. Page 828, line 15: after that line insert:
3	"Section 1797g. 49.46 (1) (a) 1. of the statutes, as affected by 2001 Wisconsin
4	Act (this act), is amended to read:
5	49.46 (1) (a) 1. Notwithstanding s. 49.19 (20), any individual who, without
6	regard to the individual's resources or income, would qualify for a grant of aid to
7	families with dependent children under s. 49.19 and whose income does not exceed
8	the income limit under par. (ar).
9	Section 1797j. 49.46 (1) (a) 1g. of the statutes, as created by 2001 Wisconsin
10	Act (this act), is amended to read:

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	49.46 (1) (a) 1g. Notwithstanding s. 49.19 (20), any individual who, without
	regard to the individual's resources or income, would qualify for a grant of aid to
	families with dependent children but who would not receive the aid solely because
	of the application of s. 49.19 (11) (a) 7. and whose income does not exceed the income
	limit under par. (ar).".
	2. Page 828, line 20: after that line insert:
,	"Section 1798g. 49.46 (1) (a) 1m. of the statutes, as affected by 2001 Wisconsin
	Act (this act), is amended to read:
	49.46 (1) (a) 1m. Any pregnant woman whose income does not exceed the
	standard of need under s. 49.19 (11) income limit under par. (ar) and whose
	pregnancy is medically verified. Eligibility continues to the last day of the month in
	which the 60th day after the last day of the pregnancy falls.".

3. Page 829, line 4: after that line insert:

"Section 1800m. 49.46 (1) (a) 6. of the statutes, as affected by 2001 Wisconsin Act (this act), is amended to read:

49.46 (1) (a) 6. Any person not described in pars. (c) to (e) who, without regard to the individual's resources or income, would be considered, under federal law, to be receiving aid to families with dependent children for the purpose of determining eligibility for medical assistance and whose income does not exceed the income limit under par. (ar)."

4. Page 829, line 25: after that line insert:

"Section 1804g. 49.46 (1) (a) 12. of the statutes, as affected by 2001 Wisconsin Act (this act), is amended to read:

	·
1	49.46 (1) (a) 12. Any child not described under subd. 1. or 1g. who is under 19
2	years of age and whose income does not exceed the standard of need under s. 49.19
3	(11) income limit under par. (ar).
4	SECTION 1804m. 49.46 (1) (ar) of the statutes is created to read:
5	49.46 (1) (ar) An individual is eligible to receive medical assistance under par.
6	(a) 1., 1g., 1m., 6., and 12. if the individual's total income does not exceed the standard
7	of need under s. 49.19 (11) (a) 1. a. increased by the same percentage as the
8	percentage increase in the consumer price index, as defined in s. 49.455 (1) (b),
9	between September 2001 and September of the year immediately before the year in
10	which the individual's income is being determined.".
11	5. Page 830, line 8: after that line insert:
12	"Section 1805d. 49.46 (1) (e) of the statutes, as affected by 2001 Wisconsin Act
13	(this act), is amended to read:
14	49.46 (1) (e) If an application under s. 49.47 (3) shows that the individual meets
15	the income limits under s. 49.19 par. (ar) or meets the income and resource
16	requirements under federal Title XVI or s. 49.77, or that the individual is an essential
17	person, an accommodated person, or a patient in a public medical institution, the
18	individual shall be granted the benefits enumerated under sub. (2) whether or not
19	the individual requests or receives a grant of any of such aids.".
20	6. Page 833, line 7: after that line insert:
21	"Section 1815g. 49.47 (4) (c) 1. of the statutes is renumbered 49.47 (4) 1.
22	(intro.) and amended to read:
23	49.47 (4) (c) 1. (intro.) Except as provided in par. (am) and as limited by subd.
24	3., eligibility exists if income does not exceed 133 1/3% of the greater of the following:

a. An amount equal to the maximum aid to families with dependent children payment under s. 49.19 (11) (a) 1. a. for the applicant's family size or increased by the same percentage as the percentage increase in the consumer price index, as defined in s. 49.455 (1) (b), between September 2001 and September of the year immediately before the year in which the individual's income is being determined and multiplied by 133 1/3%.

b. An amount equal to the combined benefit amount available under supplemental security income under 42 USC 1381 to 1383c and state supplemental aid under s. 49.77 whichever is higher. In this subdivision "income" includes earned or unearned income that would be included in determining eligibility for the individual or family under s. 49.19 or 49.77, or for the aged, blind or disabled under 42 USC 1381 to 1385. "Income" does not include earned or unearned income which would be excluded in determining eligibility for the individual or family under s. 49.19 or 49.77, or for the aged, blind or disabled individual under 42 USC 1381 to 1385.

SECTION 1815j. 49.47 (4) (c) 1m. of the statutes is created to read:

49.47 (4) (c) 1m. For purposes of determining whether an individual's income meets the income requirements under subd. 1., "income" includes all of the individual's earned or unearned income that would be included in determining eligibility for the individual or family under s. 49.19 or 49.77, or for the aged, blind, or disabled under 42 USC 1381 to 1385, and "income" does not include earned or unearned income that would be excluded in determining eligibility for the individual or family under s. 49.19 or 49.77, or for the aged, blind, or disabled individual under 42 USC 1381 to 1385.".

7. Page 1799, line 13: delete lines 13 to 16 and substitute:

"(10c) Medical assistance eligibility. The treatment of sections 49.46 (1) (a)
1. (by Section 1797), 1m. (by Section 1798), 6. (by Section 1800), 9., 10., 11., and 12.
(by Section 1804) and (e) (by Section 1805) and 49.47 (4) (a) 1. and 2., (ag) (intro.)

and 1., and (b) 2m. a. and (6) (a) 7. of the statutes first applies to eligibility

determinations for medical assistance that are made on the effective date of this

subsection.

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- (10d) Increase in the AFDC standard. The treatment of sections 49.46 (1) (a) 1. (by Section 1797g), 1g. (by Section 1797j), 1m. (by Section 1798g), 6. (by Section 1800m), and 12. (by Section 1804g), (ar), and (e) (by Section 1805d) and 49.47 (4) (c) 1. and 1m. of the statutes first applies to eligibility determinations for medical assistance that are made on the effective date of this subsection."
 - 8. Page 1820, line 8: delete lines 8 to 11 and substitute:
- "(6c) Medical assistance eligibility. The treatment of sections 49.46 (1) (a) 1. (by Section 1797), 1m. (by Section 1798), 6. (by Section 1800), 9., 10., 11., and 12. (by Section 1804) and (e) (by Section 1805) and 49.47 (4) (a) 1. and 2., (ag) (intro.) and 1., and (b) 2m. a. and (6) (a) 7. of the statutes and Section 9323 (10c) of this act take effect on the first day of the 2nd month beginning after publication.
 - (6d) Increase in the AFDC standard. The treatment of sections 49.46 (1) (a) 1. (by Section 1797g), 1g. (by Section 1797j), 1m. (by Section 1798g), 6. (by Section 1800m), and 12. (by Section 1804g), (ar), and (e) (by Section 1805d) and 49.47 (4) (c) 1. and 1m. of the statutes and Section 9323 (10d) of this act take effect on January 1, 2003.".